

Fund Manager Commentary

As of March 31, 2025

Fund Highlights

- Seeks long-term growth of capital, investing primarily in equity securities of non-U.S. companies.
- Applies bottom-up security analysis that includes fundamental, sector-based research in seeking to identify businesses that have high or improving returns on capital, barriers to competition and compelling valuations.
- Selects investments based on an evaluation of six key characteristics: potential competitive advantages, end market growth, management quality, material ESG issues, valuation and balance sheet strength.

Market Recap

Volatility persisted for global equity markets with the MSCI ACWI Ex-U.S. Index gaining in the first quarter after reaching an all-time high on March 18th. Communication Services, Financials, Utilities and Energy were the top performing sectors in the index with weakness seen in Information Technology. This was a stark contrast to the U.S. S&P 500 Index that was down over the quarter. Defining moments during the quarter included several headlines around changing tariff policies, the announcement of a new artificial intelligence (AI) model developed by Chinese company DeepSeek, and announcements of increased fiscal policy spending across Europe.

In February and March, a growth scare in the U.S. driven by declining consumption and uncertainty around changing trade policies reverberated in global equity markets causing weakness in the last two weeks of March. In January, a new AI model developed in China by DeepSeek that appears comparable to American models but was created at a fraction of the cost and used significantly less processing power also caused a sell-off in global equities, but international markets soon recovered.

The U.S. Federal Reserve Open Market Committee (FOMC) meetings over the quarter resulted in no further reduction in the Fed funds rate as the central bank reiterated their concerns around reaccelerating inflation and uncertainty surrounding the implications for inflation as new tariffs are rolled out. Key U.S. economic data in the quarter reflected a slight uptick in inflation and slight weakening in the labor market as Core consumer price index on a month-over-month basis increased from 2.7% to 2.8% in February and the unemployment rate increased from 4.0% to 4.2% over the quarter.

European Union inflation remained in the 2.7% to 2.8% range during the quarter. European composite purchasing manager index increased during the quarter climbing to 50.9 in March, which marked the third consecutive month of expansion within the private sector. After two additional 25 basis point cuts during the quarter, the European Central Bank appears to be seeking an accommodative interest rate policy with the goal of stimulating or maintaining stability, in their respective economies.

China equities performed well, with the MSCI China Index increasing about 15% in the quarter. With many recently announced stimulus policies such as reduction of mortgage rates and down payments for housing, it appears the government's plan of implementing policies to improve consumer confidence by supporting the property markets and increasing wages is supporting stronger growth. However, in our view the economy faces headwinds moving forward as the U.S. looks to implement more tariffs. In Japan, the Bank of Japan increased rates by 25 basis points in January to combat increasing service sector inflation however, they held rates steady at their March meeting citing U.S. tariffs as a potential headwind to future domestic growth.

Portfolio Review

The Touchstone Non-U.S. Equity Fund (Class A Shares, Load Waived) outperformed its benchmark, the MSCI ACWI Ex-U.S. Index, for the quarter ended March 31, 2025.

Communication Services was the top contributing sector helped by our overweight allocation to the sector and stock selection across our holdings.

Swedbank AB (Financials sector, Sweden), was among the top contributing positions after the bank reported stronger than expected operating profit and proposed a larger dividend payout in its January earnings release. However, we note that there has been

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Performance data quoted represents past performance, which is no guarantee of future results. The investment return and principal value of an investment in the Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than performance data given. **For performance information current to the most recent month-end, visit TouchstoneInvestments.com/mutual-funds.**



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market weakness across European banks since the end of March as the market digests potential new tariff impacts and slowing global growth patterns.

Industrials was the top detracting sector for the quarter, underperforming the benchmark, driven by negative stock selection.

Hitachi Ltd. (Industrials sector, Japan) was the top detracting position for the quarter. Hitachi underperformed after the announcement of a new AI model, developed in China by DeepSeek, that was created using significantly less processing power. This announcement challenged the narrative that future electrical infrastructure demand surrounding data center build outs would dramatically increase demand for electronic equipment. Additionally, slower growth in its global IT consultancy segment contributed to weaker performance over the quarter. We still believe in the business given their management team and product offering.

The Fund initiated positions in Alibaba (Consumer Discretionary sector, China), AstraZeneca (Health Care sector, U.K.), and Heidelberg Materials (Materials sector, Germany) during the quarter.

We initiated a position in Alibaba Group Holdings Ltd., a Chinese multinational technology company specializing in e-commerce, due to perceived potential upside from AI as well as a rebound in the company's base e-commerce business. We believe AI could drive a potential acceleration in their cloud business, which also has the potential to re-rate shares. Their commerce business is also rebounding due to Chinese stimulus effects, a fee increase, and increased efficiency stemming from AI enhancement to marketing tools.

The Fund also initiated a position in AstraZeneca plc, a global diversified pharmaceutical company with an attractive growth profile supported by its on-market products, broad late-stage pipeline and low generic risk exposure. The shares have been under pressure due to a product development delay with Dato-DXd and fallout from a Chinese anticorruption investigation. We believe that both issues are manageable, and the shares have overly discounted the impact. Data-DXd still offers meaningful opportunity with several cancer indications in clinical trials. While the China investigation may lead to near-term pressure on sales, we believe sales will recover over the medium to long term closer to historical trend as these innovative medicines provide real value to patients.

Lastly, we added a position in February in Heidelberg Materials AG, a German-based vertically integrated global building materials provider operating in three primary business lines: cement, aggregates, and ready-mixed materials. These products form the backbone of construction projects across all sectors, and we believe the company's stock offers attractive exposure inexpensively to a quality lower-carbon cement producer poised to benefit from a step change in the EU political environment and from long-term decarbonization drivers.

We eliminated our position in CapitalLand Integrated Commercial Trust (Real Estate sector, Singapore) in the quarter to finance other opportunities.

Outlook and Conclusion

Uncertainty created by changing tariff policies and reaccelerating inflation are themes that may drive markets as we move through the coming quarters. Bifurcation in central bank interest rate policies will be a focus for markets looking towards 2025. In dramatic market selloffs we tend to see a high degree of correlation across companies and industries as participants sell indiscriminately. As such, we are considering increasing our defensive positioning by reducing exposure to higher volatility names. Ultimately, we believe these sell-offs lead to opportunities for thoughtful, long-term fundamental investors, as the market will settle into a new paradigm and ultimately be driven by individual company fundamentals. While a number of factors have accentuated volatility in recent months, we maintain a long-term perspective about our investments. We remain confident in the companies held in the Fund with a view that we are investing in businesses with quality management teams with substantial competitive moats across growing end-markets that will ultimately allow them to better navigate the impacts of tariffs.



Fund Facts

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio	
				Total	Net
A Shares	12/19/97	TEQAX	89154X302	1.16%	1.16%
C Shares	10/04/03	TEQCX	89154X401	2.51%	1.92%
Y Shares	11/10/04	TIQIX	89154X633	0.94%	0.90%
Inst Shares	05/04/15	TROCX	89154Q513	0.92%	0.87%
Total Fund Assets		\$748.0 Million			

Expense ratio is annualized. Data as of the current prospectus. Touchstone Advisors has contractually agreed to waive a portion of its fees and/or reimburse certain Fund expenses in order to limit certain annual fund operating expenses (excluding Acquired Fund Fees and Expenses "AFFE," and other expenses, if any) to 1.17% for Class A Shares, 1.92% for Class C Shares, 0.90% for Class Y Shares and 0.87% for Class Inst Shares. These expense limitations will remain in effect until at least 07/29/25. Share class availability differs by firm.

Annualized Total Returns

	1Q25	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	7.98%	7.98%	11.59%	8.91%	14.80%	7.52%	8.17%
C Shares	7.77%	7.77%	10.76%	8.07%	13.87%	6.82%	7.79%
Y Shares	8.04%	8.04%	11.89%	9.19%	15.08%	7.79%	8.37%
Inst Shares	8.07%	8.07%	11.94%	9.19%	15.08%	7.81%	8.38%
Benchmark	5.23%	5.23%	6.09%	4.48%	10.92%	4.98%	—
Including Max Sales Charge							
A Shares	2.59%	2.59%	6.03%	7.07%	13.62%	6.88%	7.94%
C Shares	6.77%	6.77%	9.76%	8.07%	13.87%	6.82%	7.79%

Max 5.00% sales charge for Class A Shares and 1% Contingent Deferred Sales Charge for Class C Shares held less than 1 year.

Benchmark - MSCI All Country World Ex-U.S. Index

The MSCI All Country World Ex-U.S. Index is an unmanaged, capitalization-weighted index composed of companies representative of both developed and emerging markets excluding the United States.

The indexes mentioned are unmanaged statistical composites of stock market or bond market performance. Investing in an index is not possible. Unmanaged index returns do not reflect any fees, expenses or sales charges.

Source: MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used to create indices or financial products. This report is not approved or produced by MSCI.

Performance data quoted represents past performance, which is no guarantee of future results. The investment return and principal value of an investment in the Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than performance data given. **For performance information current to the most recent month-end, visit TouchstoneInvestments.com/mutual-funds.** From time to time, the investment adviser may waive some fees and/or reimburse expenses, which if not waived or reimbursed, will lower performance. Performance by share class will differ due to differences in class expenses. Returns assume reinvestment of all distributions. Returns are not annualized for periods less than one year.

The performance presented for Class C and Y shares combines the performance since inception of an older class of shares (A shares) from the Fund's inception 12/19/97 with the performance since the inception date of each share class. The performance for Institutional Class shares combines the performance of Class A shares from 12/19/97 to 11/9/04 with the performance of Class Y shares since its inception 11/10/04 until the inception date of the Institutional Class shares.

Top 10 Equity Holdings of Fund

	(% of Portfolio)		(% of Portfolio)
1 Air Liquide SA	4.4	6 Tencent Holdings Ltd.	3.6
2 ICICI Bank Ltd.	4.2	7 Oversea Chinese Banking Corp. Ltd.	3.6
3 RELX PLC	3.7	8 Taiwan Semiconductor Mfg. Co. Ltd.	3.5
4 Nintendo Co., Ltd.	3.7	9 AerCap Holdings NV	3.5
5 Shell Plc	3.7	10 Sony Group Corp.	3.5

Source: BNY Mellon Asset Servicing

Please consider the investment objectives, risks, charges and expenses of the Fund carefully before investing. The prospectus and the summary prospectus contain this and other information about the Fund. To obtain a prospectus or a summary prospectus, contact your financial professional or download and/or request one at TouchstoneInvestments.com/resources or call Touchstone at 800.638.8194. Please read the prospectus and/or summary prospectus carefully before investing.

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A member of Western & Southern Financial Group

Not FDIC Insured | No Bank Guarantee | May Lose Value

A Word About Risk

The Fund invests in equities which are subject to market volatility and loss. The Fund invests in stocks of large-cap companies which may be unable to respond quickly to new competitive challenges. The Fund invests in stocks of small- and mid-cap companies, which may be subject to more erratic market movements than stocks of larger, more established companies. The Fund invests in preferred stocks which are relegated below bonds for payment should the issuer be liquidated. If interest rates rise, the fixed dividend on preferred stocks may be less attractive, causing their price to decline. The Fund invests in foreign, emerging and frontier markets securities, and depositary receipts, such as American Depositary Receipts, Global Depositary Receipts, and European Depositary Receipts, which carry the associated risks of economic and political instability, market liquidity, currency volatility and accounting standards that differ from those of U.S. markets and may offer less protection to investors. The risks associated with investing in foreign markets are magnified in emerging markets, and in frontier markets due to their smaller and less developed economies. The sub-adviser considers ESG factors that it deems relevant or additive along with other material factors. The ESG criteria may cause the Fund to forgo opportunities to buy certain securities and/or gain exposure to certain industries, sectors, regions and countries. The Fund may be required to sell a security when it could be disadvantageous to do so. Events in the U.S. and global financial markets, including actions taken to stimulate or stabilize economic growth may at times result in unusually high market volatility, which could negatively impact Fund performance and cause it to experience illiquidity, shareholder redemptions, or other potentially adverse effects. Banks and financial services companies could suffer losses if interest rates rise or economic conditions deteriorate. The Adviser engages a sub-adviser to make investment decisions for the Fund's portfolio; it may be unable to identify and retain a sub-adviser who achieves superior investment returns relative to other similar sub-advisers. The Fund invests in convertible securities which are subject to the risks of both debt securities and equity securities. The Fund's investments in other investment companies will be subject to substantially the same risks as those associated with the direct ownership of the securities comprising the portfolios of such investment companies, and the value of the Fund's investment will fluctuate in response to the performance of such portfolios. In addition, if the Fund acquires shares of investment companies, shareholders of the Fund will bear their proportionate share of the fees and expenses of the Fund and, indirectly, the fees and expenses of the investment companies or ETFs. Current and future portfolio holdings are subject to change.



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